

Information Request DTE 1-1:

Please refer to page 8, paragraph 2, the Explanatory Statement of the Company's filing. The Company refers to "reviewing options for acquiring additional storage". Did the Company issue a Request for Proposals ("RFP") in order to accurately review the options that are currently available? If yes, please provide a copy of the RFP as well as a table comparing the responses from the respective companies. If no, please explain why an RFP was not issued.

Response:

The Company issues RFPs at least once per year in order to procure its winter supply and summer storage refill requirements. The RFPs request bids for services and commodity that are available in open and competitive markets. Through its RFP process, the Company is assured that it has a variety of proposals from which to select the best supply alternatives available, using approved selection criteria. For its winter supply requirements, the Company uses its RFP process to secure firm, competitively priced supplies in amounts sufficient to fill all of its available long-haul, baseload pipeline capacity. However, because the Company's need was specifically for storage, the Company initiated discussions with storage providers to determine its options.

The Company considered increasing its purchases of LNG liquid that could be trucked during the winter season to its facilities in Hopkinton or Acushnet, where it has LNG storage entitlements. Because there are limited providers of LNG in New England, the Company was able to obtain information regarding LNG availability and cost more efficiently through discussions with these providers, rather than through an RFP. After ongoing discussions with a major LNG provider, the Company determined that trucked liquid or baseload vapor supplies during the winter season would be expensive relative to available alternatives.

The Company also considered various storage capacity alternatives. However, storage services are provided in accordance with Federal Energy Regulatory Commission regulations and are not typically provided through an RFP process. When storage capacity is available, the storage operator is required by regulations to post the available capacity in an open season bidding process. However, Dominion, Tennessee and Texas Eastern, the Company's current storage providers, are all currently fully subscribed and the Company is not aware of any open seasons for storage capacity on these pipelines.

The Company did become aware of National Fuel Gas' two-week open season for storage

capacity and associated transportation to Transco - Wharton. Because the Company currently has a transportation contract on Transco with a primary receipt point at Wharton and a primary delivery point into Algonquin, the storage capacity was deemed to fit well into the Company's existing portfolio. Therefore, the Company elected to secure the storage capacity offered by National Fuel and to obtain it at a discounted, negotiated rate.